



MEMORANDUM

To: Members of the Senate Committee on Finance

From: Michigan Association of School Boards
Michigan Education Association
Middle Cities Education Association
Michigan Association of School Administrators
Michigan Association of Intermediate School Administrators
AFT Michigan
Michigan Elementary and Middle School Principals Association
Michigan Association of Secondary School Principals



RE: Senate Bills 82-83 and their effect on the School Aid Fund

Date: March 10, 2015



We write today in opposition to Senate Bills 82 and 83 which would revise the definition of prewritten computer software for the purposes of the use and sales tax because of its negative impact on the School Aid Fund (SAF). The House Fiscal Agency estimated similar legislation recently considered by the House would result in a reduction in state revenue of \$43-49 million and that number could increase in future years. As you know, over 70% of the revenue from sales and use taxes is dedicated to the School Aid Fund.



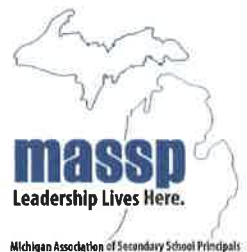
Our concerns lie in the bigger picture. While this particular bill may seem to be only a small decrease to the SAF, when added to the many other policies passed in recent years, revenue streams to the School Aid Fund continue to be eroded.



Last session seven new laws were signed that totaled over \$160 million in cuts to SAF revenue. There were 13 other laws signed that each had an indeterminate negative affect on local property tax and School Aid Fund revenue.



We urge you to look very closely at this bill and similar ones and the collateral damage they have over time. Our schools will continue to see cuts if the school aid fund does not receive the revenue necessary to support our students and communities.



We urge you to oppose these bills until the SAF is held harmless by the cuts proposed.

If you have any questions, please feel free to contact any of us in the education community listed.